

## SULLIVAN & CROMWELL LLP

TELEPHONE: 1-310-712-6600  
FACSIMILE: 1-310-712-8800  
WWW.SULLCROM.COM

*1888 Century Park East  
Los Angeles, California 90067-1725*

NEW YORK • PALO ALTO • WASHINGTON, D.C.

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July 27, 2007

*By E-mail and Federal Express*

Bruce D. Angiolillo, Esq.,  
Simpson Thacher & Bartlett LLP,  
425 Lexington Avenue,  
New York, NY 10017-3954.

Re: Tax Protection Agreement Dispute

Dear Bruce:

I had called you to discuss scheduling and a proposal regarding two possible nationally recognized independent public accounting firms to select as the arbitrator, so long as your clients could provide disclosures regarding their relationships with these firms. Of course, our clients are prepared to do the same.

To meet your concern that any firm selected be sufficiently sophisticated in REITs, we have identified both Grant Thornton LLP and Reznick Group, which have established expertise in this area. We have enclosed information we received regarding the REIT practices of these firms for your consideration. Also, as I stated in our telephone call on Tuesday, to even consider using KPMG and PricewaterhouseCoopers, we will need some disclosure regarding those firms' relationship with your clients.

To ensure that this dispute does not languish, I am enclosing an Amended Petition to Compel Arbitration and its supporting papers, which were filed today in the United States District Court for the Northern District of California. If we are able to reach a mutual agreement on the selection of a nationally recognized independent public accounting firm, or have made significant progress, we can certainly adjourn or continue any response.

Bruce D. Angiolillo, Esq.

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Very truly yours,

*Michael H. Steinberg/CRE*

Michael H. Steinberg

(Enclosures)

cc: Ned Spieker

Alison S. Ressler  
(Sullivan & Cromwell LLP)